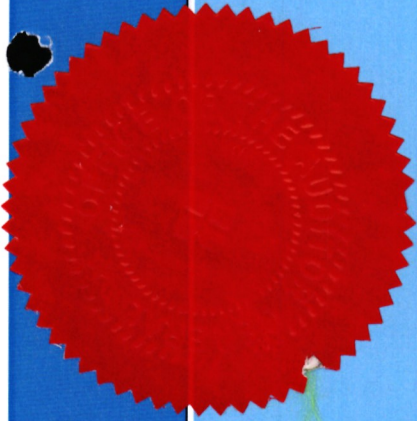


REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 JUN 2023	DAY: Wednesday
TABLED BY:	Hon. Kimani Ichungwaa (Majority Party Leader)
CLERK-AT-THE-TABLE:	Mado

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL CANCER INSTITUTE  
OF KENYA**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**NATIONAL CANCER INSTITUTE OF KENYA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30<sup>TH</sup> JUNE 2022**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)**

***National Cancer Institute of Kenya***  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

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## **1. KEY NATIONAL CANCER INSTITUTE OF KENYA INFORMATION AND MANAGEMENT**

### **(a) Background information**

The National Cancer Institute of Kenya (NCI-Kenya) is a statutory body created under the Cancer Prevention and Control Act (No. 15 of 2012). This was in recognition of the need for a more coordinated and multisectoral response to the growing cancer burden in Kenya. Following the gazettelement of the first NCI Kenya Board of Trustees in May 2019, the Institute transitioned from a department under the Ministry of Health to a semi- autonomous agency. In addition, the Ministry of Health deployed ten (10) technical officers, including a CEO in acting capacity, to support management of the Institute. It is important to note that the personnel emoluments for these officers are still under the Ministry of Health as the Institute awaits categorization as a state corporation by SCAC.

#### **Vision**

A World Class Authority in Cancer Prevention and Control

#### **Mission**

To provide leadership, oversight and coordination of rights-centered cancer prevention and control through resource mobilization, regulation of practice, policy advisory, research, capacity building, public education and maintaining the national cancer registry

### **(b) Principal Activities**

The mandate of the National Cancer Institute of Kenya as provided for in the Cancer Prevention and Control Act is to:

- i. **Provide policy Advisory in Cancer Prevention and Control:** The Institute is required to advise the Cabinet Secretary of Health on matters relating to the financing, treatment and care of persons with cancer and the relative priorities to be given to the implementation of specific measures.
- ii. **Regulate and Enhance Access to Cancer Care:** The National Cancer Institute of Kenya is vested with the overall responsibility to establish & improve the standards of cancer care and reduce discrimination against people living with cancer through; i) Regulation

of cancer services in the continuum of care and institutions that provide cancer diagnosis and care; ii) Licensing and registration of all cancer centers; iii) Compilation and maintenance of registers and records related to cancer prevention and control in Kenya; and iv) Facilitation of access to diagnostic, treatment, rehabilitation, vocational guidance, counselling, and other medical care for the welfare of persons with cancer in all counties

- iii. **Mobilize resources for Cancer Prevention and Control** through all means permitted by law with a view to supporting nationwide cancer prevention and control
- iv. **Establish and Maintain a Cancer Registry:** NCI-Kenya is required to facilitate production of high-quality cancer data and information, as well as its dissemination in order to support evidence-based planning and other decision-making processes across the cancer prevention and control spectrum.
- v. **Research and Development:** The Institute is required to conduct, facilitate or collaborate with other Institutions for the purpose of collecting for the register and cataloguing, storing and disseminating the results of cancer research undertaken in any country in cancer related research and at the same time support the large-scale production or distribution of specialized biological materials and other therapeutic substances for research and set standards of safety and care for persons using such materials.
- vi. **Public Education, Awareness Creation:** The Institute is mandated to ensure sustained public education and improved general public awareness on cancer prevention and control nationally
- vii. **Rights Based Approach to Cancer Care:** NCI Kenya is required to encourage and secure the care of persons with cancer within their communities and social environment; recommend measures to prevent discrimination against persons with cancer; and carry out measures for public information on the rights of persons with cancer and the provisions of the Cancer Prevention and Control Act (2012).
- viii. **Capacity Development:** The Institute is expected to build the capacity and provide technical assistance to all institutions, associations and organizations, including public, private and faith-based that provide care and treatment services for cancer patients.

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**(c) Key Management**

The National Cancer Institute of Kenya day-to-day management is under the following key organs:

- Chief Executive Officer
- Head of Directorates
- Secretariat

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	<b>Dr. Alfred Karagu</b>
2.	Head of Policy, Strategy and Planning	<b>Dr. Hannah Kagiri</b>
3.	Head, Partnerships and Coordination	<b>Dr. Loise Nyanjau</b>
3.	Ag. Head of Finance	<b>Mr. Lawrence Mwenda</b>

**(e) Fiduciary Oversight Arrangements**

The financial oversight for the organization is provided by the Finance, Strategy and General Administration Committee of the Board whose functions include:

- Ensure maintenance of proper books and records of accounts of the income, expenditure and assets of the Institute
- Review draft/interim financial reports and make appropriate recommendations to the Board
- Advise the Board on all matters relating to establishment of appropriate organizational structures such as directorates, departments and regional centres of the Institute
- Guide the Board on the provisions to be made for capital and recurrent expenditure and for the reserves of the Institute

- Review and recommend for Board approval fees to be charged for services rendered by the Institute
- Guide the Board on the appropriate strategies for resource mobilization and investment for the funds of the organization
- Monitor the assets of the organization
- Advise the Board on appropriate short, medium and long-term strategies for the Institution
- Review, assess and advice on the Institute's medium- and long-term business strategies
- Approve remuneration, benefits and other terms and conditions of the staff of the Institute

***Audit and Compliance subcommittee function***

The Board was unable to operationalize the Audit and Compliance Committee since the Institute does not have an Internal Auditor among the staff deployed to the Institute.

**(f) NCI-K Headquarters**

The Institute is currently hosted by the National AIDS Control Council within their office space located on:

6<sup>TH</sup> Floor Landmark Plaza

Argwings Kodhek Road

P.O. Box 30016 – 00100 GPO

Nairobi, KENYA

**(g) NCI-K Contacts**

Telephone: (254) 780 900 519 / (254) 714 177 465 / (254) 710 642 513 (Whatsapp)

E-mail: [ceonci-k@ncikenya.or.ke](mailto:ceonci-k@ncikenya.or.ke)

Website: [www.ncikenya.or.ke](http://www.ncikenya.or.ke)

**(h) NCI-K Banker**

1. Kenya Commercial Bank  
Milimani Branch (NSSF Building)  
P.O. Box 69695-00400  
**NAIROBI, KENYA**

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**(i) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office



Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**2. THE BOARD OF DIRECTORS**

DIRECTORS	DETAILS
 <p data-bbox="265 853 645 891">1. Dr. Githinji Gitahi, MBS</p>	<p data-bbox="719 371 1643 875">Dr Githinji Gitahi is the Global CEO, Amref Health Africa since 2015. He has previously worked in various positions in the health, media and private sectors. Prior to joining Amref, he was the VP and Regional Director for Africa with Smile Train International. Dr Gitahi is renowned as a leader on the global and regional front with notable achievements - including co-chairing the global UHC2030 movement; serving on the Commission on Africa's COVID-19 Response; serving as a member of the Governing Board of Africa CDC and was recently appointed to the Board of the Coalition for Epidemic Preparedness Innovations (CEPI). He also serves on the Board of The Standard Group in Kenya and the Board of Trustees of Safaricom Foundation. He is a vocal advocate for pro-poor Universal Health Coverage and leads the largest thought leadership convening on the African health agenda.</p>
 <p data-bbox="257 1346 645 1413">2. Dr. Alfred Karagu Maina  MBCChB, MSc</p>	<p data-bbox="710 947 1643 1261">Dr Karagu is the Acting Chief Executive Officer of the National Cancer Institute of Kenya. He is a public health specialist with over 15 years' experience in clinical care, health services management, monitoring and evaluation, training and public health research. He holds a Bachelors degree in Medicine and Surgery and a Master of Science in Health Systems Management and is a graduate of the Field Epidemiology and Laboratory Training Programme, a competency-based training by the Ministry of Health and United States Centre for Disease Control.</p>



3. Ms. Agnes Kaleyke Nguna

Agnes is an accomplished business leader with over 18 years experience driving growth and profitability in leading companies across East African region. Currently she serves as the Chief Operating Officer at the Star Newspaper in Kenya where she is in charge of providing strategic leadership and management to the Media House. Agnes also sits on various local and global boards. She is the Vice Chairperson of Media Owners Association an umbrella body drawing membership from leading media houses in the country. She sits on the supervisory board of the World Association of Newspapers (WAN - INFRA) a global organisation of the world press whose mission is to protect the rights of journalist and publishers across the world to protect independent media.



4. Ms. Catherine Wachira

Catherine Wachira is a legal practitioner of over 23 years standing and a passionate cancer patient rights advocate for over 10 years, pushed by the call that a unified approach to cancer control will help in the fight against cancer in Kenya. In the past six years Catherine has served as Vice-Chair and Board Chair respectively of Kenyan Network of Cancer Organizations, the national umbrella body of cancer civil society organizations active in various aspects of cancer control. Catherine's dream is a Kenya where quality cancer treatment is accessible and affordable to every Kenyan irrespective of their financial circumstances.



5. Dr. Samuel Gatherer

Dr Samuel Gatherer is a Senior Clinical Research Scientist at KEMRI. He has interests in various facets of Cancer Research. He is currently the focal person of the African Cancer Caribbean Consortium (AC3) that focuses on disparity in Cancer research. He is also a trained ENT and Head and Neck Surgeon.



6. Dr. Francisca Ongecha

Dr. Francisca A. Ongecha is a consultant psychiatrist, lecturer in the department of Psychiatry & Mental Health and Ag. Dean School of Medicine, Kenyatta University. She worked with the Ministry of Health for 12 years. She is a Fogarty International Clinical Research Fellow having spent four years engaged in clinical research through National Institutes of Health (NIH) before joining Kenyatta University. She's done extensive work in the area of substance use with UNODC spanning over 15 years. Her other areas of research/program interests are in Psychological trauma following sexual and gender based violence, chronic/terminal illness, genocide/war/disaster trauma, mental health and HIV& AIDS, Medical education, Policy and Ethics. She's been a member of several committees including the university Ethical Review committee among other responsibilities.



7. Ms. Mildred Mugambi

Ms. Mildred is a passionate and highly skilled strategic communications expert based in Nairobi, Kenya. She currently serves as the Senior Corporate Communications Officer at National Commission for Science, Technology, and Innovation (NACOSTI) where she heads Corporate Communications. She has over eleven (11) years of experience in communications management across varied working environments and positions. She is also an active member of the Public Relations Society of Kenya (PRSK) where she serves on the Membership and Professional Development Committee and various ad-hoc committees.



8. Dr. Kenrick Ayot

Dr. Kenrick Ayot is an economist at the National Treasury with over 15 years of experience in the field of Economic Policy and Public Finance Management. He has experience among others in forecasting both domestic and external resource inflow in the annual national budget, providing technical support to MTEF Sector Working Groups in preparation of Medium-Term Budget Proposals, developing resource mobilization policies and strategies from the developing partners. Dr. Ayot holds a PhD in Economics from the University of Cape Town and a Masters and Bachelor Degree in Economics both from the University of Nairobi.

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9. Ms. Mary-Anne Musangi

Mary-Ann Musangi is a highly experienced General Manager who has strong technical and business qualifications with an impressive track record of more than 25 years of hands-on experience in strategic planning and business development. She has demonstrated the ability to lead diverse teams of professionals to new levels of success in a variety of highly competitive industries, cutting-edge African markets, and fast-paced environments. Her experience spans advertising, pharmaceuticals, financial services, hospitality and FMCG Industries. She has a proven ability to successfully analyze an organization's critical business requirements, identify deficiencies and potential opportunities, whilst also developing innovative cost-effective solutions to enhance brand equity, increase revenues, and improve customer service offerings. Mary-Ann's ambition is to see Africa prosper and with this belief, she advocates for the companies that she works with to drive "Sustainable African operations championed by Africans to offer Africa superior and affordable products and services."



10. Mr. Patrick Mathagu

Patrick Mathagu is a long serving educator at the Technical University of Kenya where has served as a lecturer in mathematics & statistics and currently as the senior assistant student registrar. He is cancer warrior who is passionate in ensuring that impactful measures are undertaken to prevent and control cancer in the country and that persons living with cancer and their care givers are appropriately advised and provided service in a humane and affordable environment.

**3. MANAGEMENT TEAM**

	<b>MANAGEMENT</b>	<b>DETAILS</b>
1.	Dr. Alfred Karagu Maina, Ag. Chief Executive Officer	Providing overall strategic leadership; spearheading execution of annual operational plans and budgets and overall implementation of the Board's decisions.
2.	Dr. Hannah Kagiri Ag. Director, Corporate Services	Providing technical and professional guidance to administrative functions of the Institute; ensuring effective execution of the organization's mandate; ensuring optimal utilization of resources
3.	Dr. Martin Mwangi Ag. Director, Cancer Prevention and Control	Providing leadership in the execution of the technical functions of the Institute; ensuring effective cancer prevention and control; ensuring optimal utilization of resources
4.	Mrs. Cecilia Wandera Head, Monitoring, Evaluation and Research Department	Oversee the development and review of policies on cancer registration, monitoring and evaluation and research; ensure the collection, analysis and dissemination of all cancer data
5.	Ms. Ruth Muia, Head, Cancer Awareness and Care Spectrum Department	Providing leadership on matters relating to the treatment and care of persons with cancer; oversee the development and implementation of policies on Cancer Prevention and Care
6.	Dr. Loise Nyanjau, Head, Partnerships and Coordination Division	Establish collaboration with stakeholders and strategic partnerships in cancer prevention and control
7.	Mr. Richard Kihara Head, Research Division	Ensure the collection, analysis and dissemination of research data useful in the prevention, diagnosis and treatment of cancer; Liaise with relevant departments to ensure mobilization and allocation of adequate resources to support cancer research
8.	Mr. Sundley Omwenga Head, Capacity Building Division	Provide leadership in the development of training guidelines, curriculum and protocols for cancer prevention and control
9.	Mrs. Cecylia Tinega	Office Administrator
10	Mrs. Justinah Mwikali	Office Assistant

#### **4. CHAIRMAN'S STATEMENT**

The NCI-Kenya has a broad mandate to provide leadership and coordination of the country's cancer response by convening stakeholders to synergize efforts and resources towards reducing the cancer burden in Kenya. In particular, the Institute has identified four critical areas that are essential towards achieving its mandate namely:

a) Regulation and Enhancing Access to Cancer Care

The Institute seeks to ensure access to the highest attainable standards of cancer care through collaborating with relevant agencies, within and beyond the health sector to ensure that any facility offering cancer/oncology services meets the defined minimum standards. Further, NCI Kenya works closely with relevant agencies to enforce adherence to available legal frameworks for mitigation and reduction of cancer risk factors.

b) Stakeholder coordination and Resource mobilization towards enhanced access to cancer prevention and control

Cancer is as a result of an interplay of multiple risk factors hence the need for a multi-stakeholder approach in its prevention, control and management. In order to achieve this, NCI Kenya is keen to engage stakeholders within and beyond the health sector, both state and non-state, and at all levels to prioritize and contribute to cancer prevention and to either directly or indirectly allocate resources towards cancer prevention and control. The Institute thus serves as the convener of all players involved in cancer prevention and control, including civil society stakeholders.

c) National Cancer Registry

The Cancer Prevention and Control Act in Part III Sections (20) to (22) mandates the NCI-Kenya to maintain a national cancer register that shall contain information on persons diagnosed with cancer and all entities that provide cancer services in Kenya. The Act requires the cancer register to inform on the epidemiological landscape of cancer in the country and towards this, the Act has prescribed the requirement for cancer notification by all medical institutions upon making a diagnosis of cancer. With funding from Treasury, the Institute has established a national cancer registry that will contain updated data that can be used to inform policy.

d) Cancer Prevention (Awareness creation and capacity building)


The low levels of awareness within the Kenyan population coupled with a diverse and dynamic population requires a long-term investment aimed at getting a large population to adopt healthy habits. For this to be effective and impact on the population, there is need to mobilize adequate

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resources to mount an innovative and a whole of government approach. Being the body responsible for the cancer response in Kenya, the Institute is engaging stakeholders including but not limited to religious bodies, health sector, teaching institutions and community structures to ensure the population is reached with factual cancer messages The Institute also expects to advocate for policy change related to cancer prevention among relevant institutions, both within and beyond Government.

Name: Dr Githinji Gitahi, MBS

for Signature:  Date: 5/4/2023

## **5. REPORT OF THE CHIEF EXECUTIVE OFFICER**

In the FY 2021/22, the National Cancer Institute participated in the MTEF process for the 2022/23 - 2024/25 period. Here, the Institute provided key performance targets, outputs and the funding requirement. The priorities of the NCI-Kenya were geared towards delivery of its mandate in line with the Cancer Prevention and Control Act, its contribution towards Universal health coverage and Institutional strengthening.

Ensuring availability of cancer care services that meet a minimum quality standard and ensuring access to the services are key functions of the National Cancer Institute of Kenya. Towards this end, key investments were made across various input areas including:

- Procurement of 19 desktop computers for distribution to public facilities to facilitate the collection and reporting of cancer data.
- Procurement of 1 utility vehicle to facilitate the operations of the Secretariat
- Automation of 4 critical service delivery processes was completed namely: digitization of the National Guidelines for Establishment of Cancer Centres; Digitization of the health facility inspection tool; digitization of the harmonized cancer reporting tool to enhance the abstraction of cancer data and uploading in to the national cancer registry (NaCaRe-KE) and the digital inventory of cancer registry tools (for tracking distribution and stock).
- Four members of staff attended various leadership and management courses to improve work place performance and effectiveness.
- The Institute developed 4 draft regulations to operationalize the Cancer Prevention and Control Act that will be finalized in FY 2022/23.
- The National cancer registry was established to facilitate collection, collation, analysis and sharing of cancer data.

During the year under review, NCI Kenya successfully mobilized Ksh 120M through the 2021/22 MTEF budget process with 100% allocation realized through quarterly conditional grants advanced to the Institute. In addition, during the 4th quarter of 2021/22 FY, NCI Kenya applied for additional funds through the parent Ministry geared towards enhanced cancer awareness and public education. As a result, the Institute received an additional Ksh 43,610,000 which financed the printing of cancer awareness brochures in 9 languages, branding merchandise for NCI Kenya and printing of cancer control policy documents.

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The Institute also established structures to enable the levying of fees for inspection and designation of cancer centres as one way of internal revenue generation. As a result of this initiative the Institute generated Ksh 1,559,760 during the period under review. NCI Kenya also mobilized Ksh 5,444, 125 from the US National Cancer Institute through a research grant that aims to assess the cervical cancer referral pathway within Nairobi County.

The Institute however faced some key challenges in the implementation of planned activities that impacted on its performance. These include:

- Failure to operationalize the Audit committee of the Board due to lack of an Internal Auditor within the Secretariat
- Lack of internal support systems such as finance and procurement systems contributing to delayed procurement of service delivery processes
- Delays in categorization of the Institute by the State Corporations Advisory Committee (SCAC) greatly hampered the recruitment of staff to NCI-Kenya and its capacity to mobilize resources & manage its functions as an autonomous agency
- Limited capacity to explore high level partnerships such as PPPs due to the delayed categorization and lack of requisite skills in-house
- Limited capacity to co-finance initiatives with partners due to the budget allocation and expenditure process constraints
- Limited human resource capacity within the Institute to conduct cancer research
- Inadequate resources and technical capacity of the Institute to support a robust cancer awareness campaign

Name: Dr Alfred Karagu

Signature:



Date:

09/03/2023

**6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES  
 FOR FY 2021/22**

The National Cancer Institute of Kenya has 4 strategic objectives within its current Strategic Plan for the period 2020-2023. These objectives are aligned to the health sector goals and policies and are in line with its mandate as described in the Cancer Prevention and Control Act, 2012. The objectives include;

- i. Strengthen governance, oversight and coordination of cancer response in Kenya to ensure effective partnerships and coordination mechanisms
- ii. Develop and manage an integrated cancer data surveillance system and promote cancer research to inform policy and practice
- iii. Promote a multi sectoral and innovative approach in public education and awareness creation on cancer prevention and control
- iv. Strengthen the NCI-Kenya institutional capacity to deliver on its mandate

NCI Kenya develops its annual work plans based on the above 4 strategic pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The NCI Kenya achieved its performance targets set for the FY 2021-2022 period for its key strategic pillars, as indicated in the diagram below:

<b>Deliv ery Unit</b>	<b>Key Output</b>	<b>Key Performa nce Indicator s</b>	<b>2021/ 22 Target</b>	<b>2021/22 Achieve ment</b>	<b>Reason for variance</b>	<b>Target 2022/2 3 (Baseli ne)</b>	<b>Target 2023/2 4</b>	<b>Target 2024/2 5</b>	<b>Target 2025/2 6</b>
NCI- Kenya	Cancer informati on platform s establis hed in national and county levels	Number of cancer registry hubs establis hed	17	21	The target was surpassed because a facility cancer registry is a mandator y requirem ent before a centre is designate d.	8	N/A	N/A	N/A
	Cancer Preventi on and	Number of counties	20	19	The target was not	10%	55%	100%	-

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	Control Stakeholders engaged	engaged on resource allocation and prioritisation for cancer prevention and control			achieved because Nairobi County was not available for the meeting as planned				
		Number of people reached with cancer Prevention & Control messages	8,000,000	14,000,000	The target was surpassed because the Institute leveraged on various media including mainstream media; vernacular FM stations and HUDUMA to educate the public	15,000,000	30,000,000	35,000,000	45,000,000
		Number of ministries departments and agencies trained to implement workplace cancer prevention and control programs	12	6	The target was not met due to delayed disbursement of funds and lack of adequate number of officers to facilitate the engagements	22	59	87	117
	Cancer care centres certified	Number of cancer care centres certified	20	58	The target was surpassed due to an	77%	87%	95%	100%

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					<p>increase in demand for designation by the cancer treatment facilities. This was as a result of an MOU between NHIF and NCI-Kenya where NHIF included accreditation by NCI-Kenya as a requirement for all treatment centres prior to accreditation by NHIF</p>			
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## **7. CORPORATE GOVERNANCE STATEMENT**

The National Cancer Institute of Kenya (NCI Kenya) is a body corporate established under Section 4 of the Cancer Prevention and Control Act of 2012. The Institute is governed by the Board of Trustees as the apex decision making organ which sets the direction for good corporate governance underpinned by effective leadership, oversight and management accountability based on a sound and ethical foundation. The second NCI Kenya Board was inaugurated by the Cabinet Secretary, Ministry of Health, on 31<sup>st</sup> July 2019 having been formally gazetted on 5<sup>th</sup> May 2019. In this regard, the tenure of the Board ended on 4<sup>th</sup> May 2022. It is also noteworthy that the tenure of the Board's Chairperson ended on 4<sup>th</sup> June 2021 and the Board operated without a substantive Chair throughout the year under review. A new Board has since been gazetted and was formally inaugurated on 25<sup>th</sup> July 2022.

The NCI Kenya Board acknowledges the significant role of good corporate governance guided by the State Corporations Act Cap 446, Leadership and Integrity Act 2012, Public Officers Ethics Act 2003, Cancer Prevention and Control Act of 2012, Health Act of 2017 and Mwongozo Code of Governance for State Corporations. This entails the processes and structures used to direct and manage the affairs of the Institute, the framework for internal controls and the respective roles of individual Board Members and management. In order to ensure the Institute is able to deliver on its mandate, the Board has overseen the development and implementation of the NCI Kenya Strategic Plan 2020-2023.

### **THE COMPOSITION OF THE BOARD OF TRUSTEES**

The current Board inaugurated in July 2022 comprises nine [9] members; the Chairperson, four [4] independent members and three [3] members representing various governmental agencies as per the Cancer Prevention and Control Act of 2012. The Ag. Chief Executive Officer serves as the Secretary to the Board.

The Board is comprised of an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. Members are principally free from any business relationship that could hamper their objectivity or judgment in terms of the business and activities of the organization. The roles of the Chairperson and the Chief Executive Officer are separate, with their individual responsibilities clearly defined. The Chairperson is an independent nonexecutive Board member and is responsible for leading the Board

and ensuring its effectiveness. The Chief Executive is responsible for the execution of the NCI Kenya strategy, and the day-to-day operations of the Institute.

### **THE ROLE OF THE BOARD**

The Board of Trustees provides leadership and strategic direction of the hospital. Its key responsibilities include:

- (i) Development and oversight in the implementation of the Institute's strategic plan.
- (ii) Review and approval of annual budgets.
- (iii) Risk management and compliance by ensuring adequate systems of internal controls are in place.
- (iv) Review of financial performance, expenditure, and commitments.
- (v) Setting and periodically reviewing organizational key performance indicators as well as management performance; and
- (vi) Supporting management to enhance stakeholder value.

To effectively discharge this role, the Board of Trustees has full access to the Chief Executive Officer and key members of the Institute's management team.

### **BOARD MEETINGS**

The Full Board meets at least once every quarter (or more depending on the requirements of the business) and is guided by the annual Board ALMANAC. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making. The Board promotes an environment of innovative thinking, consultation, cordial relations, information sharing, and openness in communication.

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

During the year under review, the institute fulfilled her mandate along the key functions of awareness raising, cancer services quality assurance, cancer research, stakeholder engagement and sound corporate governance. In addition, the Institute pursued the process of operationalization as a semi-autonomous agency through categorization by the State Corporation Advisory Committee. Some of the key outputs achieved include:

- More than 14 million Kenyans were reached by cancer educative messages through various platforms.
- Formalization of 6 partnership agreements to promote awareness on cancer prevention. The partners engaged include Media Council of Kenya, Kenya Forest Service, Huduma Kenya Secretariat, Chuka University, Kenya Network of Cancer organizations and Ministry of Education

As a result, 20 media articles by journalists were published supported through the partnership with Media Council of Kenya. In addition, leveraging on the robust infrastructure and the large network of Huduma Centres across the country, NCI Kenya executed 9 Huduma Mashinani events in collaboration with County Governments with more than 22,000 clients screened for common cancers.

- The Institute finalized the production of cancer educational materials in English, Kiswahili and 8 vernacular languages namely Kikuyu, Kamba, Meru, Gusii, Luo, Luhya, Maasai and Borana.
- A regulation and compliance advisory committee was established to facilitate the inspections, accreditations and designations of cancer treatment centres.
- Nineteen (19) County Health Management Teams were sensitized on the need for investment in cancer interventions and provided with technical support in line with the mandate of the Institute.
- A total of 72 facilities were inspected to assess their capacity to provide cancer treatment with 58 cancer centers attaining the minimum requirement.

## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The National Cancer Institute of Kenya exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

The National Cancer Institute has prioritized the establishment of partnerships and collaborations with various stakeholders as a critical strategy for sustainable service delivery. Within its organizational structure, there is a fully-fledged Department on Partnerships and Coordination that is charged with the responsibility of creating collaborations with public, private and civil-society entities. In addition, the Institute has identified different platforms for additional income generation to supplement the conditional grant allocations from Exchequer. This includes levying fees for registration of cancer centres as well as writing grant proposals for additional funding towards programmatic activities as well as research.

### **ii) Environmental performance**

The Institute is yet to operationalize an organizational environmental policy. However, the Institute signed a Memorandum of Understanding with the Kenya Forestry Services that will enable the two Institutions partner in the areas of forest conservation and awareness creation on cancers. In addition, the Institute has committed to annual tree planting exercises within its Performance Contract.

### **iii) Employee welfare**

The Institute embarked on the process of categorization as a State Corporation by the State Corporation Advisory Committee in November 2020. The draft Human Resource Policy Manual which is under review by SCAC enumerates the requisite human resource practices for the organization including recruitment, retention and development of the NCI staff. In addition, the organization's Annual Work Plan and Budget have specific allocations for staff training to build the leadership and management capacity.

**iv) Market place practices-**

The organisation should outline its efforts to:

**a) Responsible competition practice.**

The Institute is in the service sector with its main mandate being coordination and regulation of cancer prevention and control activities. While playing this regulatory role, NCI has adopted a consultative and collaborative approach working closely with other regulatory agencies within the health sector and has been actively involved in joint health inspection activities.

**b) Responsible Supply chain and supplier relations**

NCI Kenya is still dependent on the parent Ministry of Health in carrying out procurement-related activities. The Institute endeavours to process and avail all the relevant documentation as required to enable efficient payment to suppliers for all goods and services supplied.

**c) Responsible marketing and advertisement**

The Institute has not been involved in any direct advertisement campaigns but has rather leveraged on its participation in awareness and advocacy activities to enhance its visibility.

**d) Product stewardship**

NCI has been keen on protecting consumer rights and has worked directly with cancer patients and survivors during the development of various policy documents including the Cancer Policy 2019-2030 and the Institute's own Strategic Plan 2020-2023.

**v) Corporate Social Responsibility / Community Engagements**

During the 2019/2020 financial year and at the height of the COVID-19 epidemic, the Institute donated face masks to cancer survivors who were at a high risk of contracting the infection. This also provided an opportunity to educate the survivors on how to protect themselves from COVID.

## **10. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the NCI Kenya affairs.

### **i) Principal activities**

The principal activities of the NCI-K are:-

- i. To strengthen governance, oversight and coordination of cancer response in Kenya to ensure effective partnerships and coordination mechanisms
- ii. To develop and manage an integrated cancer data surveillance system and promote cancer research to inform policy and practice
- iii. To promote a multi sectoral and innovative approach in public education and awareness creation on cancer prevention and control
- iv. To strengthen the NCI-Kenya institutional capacity to deliver on its mandate

### **ii) Results**

The results of the NCI-Kenya financial performance for the year ended June 30, 2022, are set out on pages 1-5.

### **iii) Directors**

The term of the Board of Trustees which served during the year under review ended on 4<sup>th</sup> May 2022 with only 2 directors representing government agencies transitioning to the new Board. The details of the current Board are shown on page vii-x.

### **iv) Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each Quarter. However, the Institute does not give dividends nor remit surplus as its funding is from the exchequer and does not generate their own revenue for now.

***National Cancer Institute of Kenya***  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

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**v) Auditors**

The Auditor General is responsible for the statutory audit of the National Cancer Institute (NCI) of Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or to carry out the audit of NCI Kenya for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Name: Dr Alfred Karagu

Signature:  Date: 29/08/2023

## **11. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 83 of the Public Finance Management Act, 2012 and Section 17 of the Cancer Prevention and Control Act of 2012 require the Directors to prepare financial statements in respect of that NCI Kenya, which give a true and fair view of the state of affairs of the NCI Kenya at the end of the 2021/22 financial year and the operating results of the NCI Kenya for that year/period. The Directors are also required to ensure that the NCI Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of the NCI Kenya. The Directors are also responsible for safeguarding the assets of the NCI Kenya.

The Directors are responsible for the preparation and presentation of the NCI's financial statements, which give a true and fair view of the state of affairs of the NCI for and as at the end of the financial year period ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NCI; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NCI; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the NCI's quarterly financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the NCI's financial statements give a true and fair view of the state of NCI's transactions during the year ended 30 June 2022 and of the NCI's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the NCI, which have been relied upon in the preparation of the NCI's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the NCI will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

The NCI's financial statements were approved by the Board on 09/08 2023 and signed on its behalf by:

  
Board Chairperson  
Dr. Githinji Gitahi, MBS

  
Ag. C.E.O of NCI

  
Ag. Finance Director/Accountant

*National Cancer Institute of Kenya*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	163,610,000.00	80,000,000.00
Public contributions and donations	7	1,507,861.00	1,326,940.00
<b>Total revenue</b>		<b>165,117,861.00</b>	<b>81,326,940.00</b>
<b>Expenses</b>			
Use of goods and services	8	159,053,688.00	51,403,829.00
Remuneration of directors	9	1,042,400.00	5,918,220.00
Depreciation	10	1,825,471.00	1,171,941.00
<b>Total expenses</b>		<b>161,921,559.00</b>	<b>58,493,990.00</b>
<b>Other gains/(losses)</b>			
<b>Surplus before tax</b>		<b>3,196,302.00</b>	<b>22,832,950.00</b>
Taxation			
<b>Surplus/(deficit) for the period/year</b>		<b>3,196,302.00</b>	<b>22,832,950.00</b>
<b>Net Surplus for the year</b>		<b>3,196,302.00</b>	<b>22,832,950.00</b>


The notes set out on pages 6 to 29 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Accounting Officer

Name: Dr. Alfred Karagu

Date


  
 09/03/2023

Head of Finance

Name: Lawrence Mwenda

ICPAK Member Number: 9445


Date

9/3/23  


Chairman of the Board

Name: Dr. Githinji Gitahi, MBS

Date

  
 5/4/2023

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Cancer Institute of Kenya as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Cancer Prevention and Control Act No.15 of 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Training Expenses**

The statement of financial performance reflects use of goods and services amount of Kshs.159,053,688 which, as disclosed in Note 8 to the financial statements, includes training expenses amount of Kshs.24,408,920 out of which Kshs.1,571,400 was not supported by supplier quotations, evaluation reports and attendance register. In addition, the amount of Kshs.159,053,688 under use of goods and services also includes Kshs.53,288,769 incurred on travelling, accommodation, subsistence and other allowances out of which Kshs.1,167,500 lacked travelling support documents like work tickets and air tickets.

In the circumstances, the accuracy, completeness and propriety of the use of goods and services amount of Kshs.2,738,900 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Cancer Institute of Kenya Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else

# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL CANCER INSTITUTE OF KENYA FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of the National Cancer Institute of Kenya set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual

has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Failure to Update Fixed Asset Register**

The statement of financial position reflects a property plant and equipment balance of Kshs.10,634,744 which, as disclosed in Note 12 to the financial statements, includes additions during the year of Kshs.8,332,471. However, as at 30 June 2022, the fixed asset register had not been updated with the details of the additions relating to: nature or type of asset, date of purchase, supplier, cost, location, user, accumulated depreciation and net book value. This was contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

##### **Lack of Internal Audit Committee and Internal Audit Unit**

The Institute was established by the Cancer Prevention and Control Act (No.15 of 2012) to coordinate and centralize all activities, resources and information related to cancer prevention and control in Kenya. However, during the year under review, the Institute did not have an Audit Committee as required by Regulation 166(2) of the Public Finance Management (National Government) Regulations, 2015. The Institute did not also have in place an Internal Audit Unit as required by Regulation 166(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, effective internal controls, risk management and governance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 April, 2023

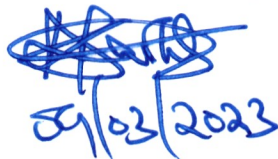
**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11	82,910,920.00	35,128,432.00
<b>Total Current Assets</b>		<b>82,910,920.00</b>	<b>35,128,432.00</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	10,634,744.00	4,127,744.00
<b>Total Non- Current Assets</b>		<b>10,634,744.00</b>	<b>4,127,744.00</b>
<b>Total Assets</b>		<b>93,545,664.00</b>	<b>39,256,176.00</b>
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	13	51,093,186.00	-
<b>Total Current Liabilities</b>		<b>51,093,186.00</b>	<b>-</b>
<b>Net assets</b>		<b>42,452,478.00</b>	<b>39,256,176.00</b>
<b>Reserves</b>			
Surplus as at 30 June 2021		39,256,176.00	16,423,226.00
Surplus as at 30 June 2022		3,196,302.00	22,832,950.00
<b>Total Accumulated surplus</b>		<b>42,452,478.00</b>	<b>39,256,176.00</b>
<b>Total Net Assets and Liabilities</b>		<b>93,545,664.00</b>	<b>39,256,176.00</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Accounting Officer

Name: Dr. Alfred Karagu




Date


Head of Finance

Name: Lawrence Mwenda


CPAK Member Number: 9445



Date  
9/3/23

 Chairman of the Board

Name: Dr Githinji Gitahi, MBS



Date  
5/4/2023.

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

	notes	Retained earnings	Capital/ Development Grants/Fund	Total
<b>As at July 1, 2021</b>		<b>39,256,176.00</b>	<b>0</b>	<b>39,256,176.00</b>
Surplus/ Deficit for the year		<b>3,196,302.00</b>	<b>0</b>	<b>3,196,302.00</b>
Capital/Development grants received during the year		0		<b>0</b>
Transfer of depreciation/amortization from capital fund to retained earnings		0	0	<b>0</b>
<b>As at June 30, 2022</b>		<b>42,452,478.00</b>	<b>0</b>	<b>42,452,478.00</b>

**Note:**

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*


**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		<b>2022-2022</b>	<b>2020-2021</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	163,610,000.00	80,000,000
Public contributions and donations	7	1,507,861.00	1,326,940
<b>Total Receipts</b>		<b>165,117,861.00</b>	<b>81,326,940</b>
<b>Payments</b>			
Use of goods and services	8	159,053,688.00	51,403,829.00
Board of directors	9	1,042,400.00	5,918,220.00
<b>Total Expenses</b>		<b>160,096,088.00</b>	<b>57,322,049.00</b>
<b>Increase (Decrease) in Current Liabilities</b>	13	<b>51,093,186.00</b>	<b>-</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>56,114,959.00</b>	<b>24,004,891.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(8,332,471.00)	(2,848,500.00)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>47,782,488.00</b>	<b>21,156,391.00</b>
Cash and cash equivalents at 30 JUNE 2021		35,128,432.00	13,972,041.00
<b>Cash and cash equivalents at 30 JUNE 2022</b>	<b>11</b>	<b>82,910,920.00</b>	<b>35,128,432.00</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Accounting Officer

Name: Dr. Alfred Karagu


  
Date 09/03/2023

Head of Finance

Name: Lawrence Mwenda

ICPAK Member Number: 9445


Date

  
9/3/23

Chairman of the Board

Name: Dr Githinji Gitahi, MBS

Date

  
5/4/2023

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% of utilisation</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Revenue</b>	<b>A</b>	<b>b</b>	<b>C=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>F=d/c</b>
Transfers from other governments entities	163,610,000.00	-	163,610,000.00	163,610,000.00	0	100%
Public contributions and donations	1,507,861.00	-	1,507,861.00	1,507,861.00	0	100%
<b>Total income</b>	<b>165,117,861.00</b>	<b>-</b>	<b>165,117,861.00</b>	<b>165,117,861.00</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods and services	159,053,688.00	-	159,053,688.00	159,053,688.00	0	100%
Board of directors	1,042,400.00	-	1,042,400.00	1,042,400.00	0	100%
Depreciation Expense	1,825,471.00	-	1,825,471.00	1,825,471.00	0	100%
<b>Total expenditure</b>	<b>161,921,599.00</b>	<b>-</b>	<b>161,921,599.00</b>	<b>161,921,599.00</b>	<b>0</b>	<b>100%</b>
<b>Surplus for the period</b>	<b>3,196,302.00</b>	<b>-</b>	<b>3,196,302.00</b>	<b>3,196,302.00</b>	<b>-</b>	<b>-</b>

## **18. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

National Cancer Institute of Kenya is established by and derives its authority and accountability from Cancer Prevention and Control Act, 2012. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to advise the Cabinet Secretary on matters relating to the treatment and care of persons with cancer and to advise on the relative priorities to be given to the implementation of specific measures

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying NCI's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act , and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*  
 IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting</p>

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Standard	Effective date and impact:
	<p>Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1<sup>st</sup> January 2023</i></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

*iii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in year 2021/2022.

**Notes to the Financial Statements (Continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The Institute recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Rendering of services**

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Institute.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies(Continued)**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**ii) Revenue from exchange transactions**

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Institute's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly in July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Institute upon receiving the respective approvals in order to conclude the final budget.

The Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Institute operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**h) Research and development costs**

The Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Institute can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Institute has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The Institute assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institute.

**k) Provisions**

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Contingent liabilities**

The Institute does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**m)Contingent assets**

The Institute does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Institute in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**n) Nature and purpose of reserves**

The Institute creates and maintains reserves in terms of specific requirements.

**o) Changes in accounting policies and estimates**

The Institute recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**p) Employee benefits**

**Retirement benefit plans**

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**q) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**r) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**s) Related parties**

The Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institute, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**t) Service concession arrangements**

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institute recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**u) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**v) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**w) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Institute's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Notes to the Financial Statements (Continued)**

**Significant Judgments and Sources of Estimation Uncertainty (Continued)**

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Institute.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government Entities**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	163,610,000.00	80,000,000.00
<b>Total Unconditional Grants</b>	<b>163,610,000.00</b>	<b>80,000,000.00</b>
<b>Conditional grants</b>		
<b>Total government grants and subsidies</b>	<b>163,610,000.00</b>	<b>80,000,000.00</b>

**7. Public Contributions and Donations**

Description	2021-2022	2020-2021
	KShs	KShs
Centre for Tobacco Control in Africa	1,507,861.00	1,326,940.00
<b>Total Donations</b>	<b>1,507,861.00</b>	<b>1,326,940.00</b>

**8. Use of Goods and Services**

Description	2021-2022	2020-2021
	KShs	KShs
Conferences and delegations	7,507,750.00	5,853,790.00
Advertising	11,336,722.00	2,450,500.00
Hospitality	0.00	2,265,000.00
Office and administration	570,000.00	826,000.00
Travel Hire	0.00	154,652.00
Bank charges	38,685.00	4,293.00
Printing and stationery	1,044,242.00	5,190,573.00
Information supplies-cancer education materials	60,442,600.00	0.00
Telecommunication	416,000.00	108,000.00
Training	24,408,920.00	20,543,388.00
Travel, accommodation, subsistence and other allowances	53,288,769.00	14,007,633.00
<b>Total</b>	<b>159,053,688.00</b>	<b>51,403,829.00</b>

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**Notes to the Financial Statements (Continued)**

**9. Board Expenses**

Description	2021-2022	2020-2021
	KShs	KShs
Sitting, travel and accommodation allowances	1,042,400.00	5,918,220.00
<b>Total</b>	<b>1,042,400.00</b>	<b>5,918,220.00</b>

**10. Depreciation Expense**

Description	2021-2022	2020-2021
	KShs	KShs
Depreciation	1,825,471.00	1,171,941.00
<b>Total</b>	<b>1,825,471.00</b>	<b>1,171,941.00</b>

**11. (a) Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	KShs	KShs
Current account	82,910,920.00	35,128,932.00
<b>Total cash and cash equivalents</b>	<b>82,910,920.00</b>	<b>35,128,932.00</b>

**(b) Detailed Analysis of the Cash and Cash Equivalents**

		2021-2022	2020-2021
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1219985260	82,910,920.00	35,128,932.00
<b>Grand total</b>		<b>82,910,920.00</b>	<b>35,128,932.00</b>

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**Notes to the Financial Statements (Continued)**

**12. Property, Plant and Equipment**

	<b>Motor Vehicles</b>	<b>Furniture and Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Depreciation rate	0.25	0.13	0.33	
At 1-July 2020	-	2,094,600.00	923,000.00	3,017,600.00
Additions	-	1,052,000.00	1,796,500.00	2,848,500.00
				-
<b>At 30 June 2021</b>	<b>-</b>	<b>3,146,600.00</b>	<b>2,719,500.00</b>	<b>5,866,100.00</b>
				-
Additions	5,407,421.00	-	2,925,050.00	8,332,471.00
<b>At 30 June 2022</b>	<b>5,407,421.00</b>	<b>3,146,600.00</b>	<b>5,644,550.00</b>	<b>14,198,571.00</b>
Depreciation				
At 1-July 2020	-	261,825.00	304,590.00	566,415.00
Charge for the year	-	375,021.00	796,920.00	1,171,941.00
				-
At 30 June 2021	-	636,846.00	1,101,510.00	1,738,356.00
<b>At 1-July 2021</b>	<b>-</b>	<b>636,846.00</b>	<b>1,101,510.00</b>	<b>1,738,356.00</b>
Charge for the year	-	326,268.00	1,499,203.00	1,825,471.00
				-
At 30 June 2022	-	963,114.00	2,600,713.00	3,563,827.00
				-
<b>At 30 June 2022</b>	<b>5,407,421.00</b>	<b>2,183,486.00</b>	<b>3,043,837.00</b>	<b>10,634,744.00</b>
<b>At 30 June 2021</b>	<b>-</b>	<b>2,509,754.00</b>	<b>1,617,990.00</b>	<b>4,127,744.00</b>

*1. The motor vehicle was not depreciated because by closure of year, the vehicle had not yet been delivered at the NCI Kenya since there were delays in its assembly and shipping from South Africa.*

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Notes to the Financial Statements (Continued)

13. Trade and Other Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	49,701,186.00	0.00
Other payables – Audit Fees	928,000.00	0.00
Provision of Audit Fees	464,000.00	0.00
<b>Total trade and other payables</b>	<b>51,093,186.00</b>	<b>0.00</b>

**Notes to the Financial Statements (Continued)**

**14. Financial Risk Management**

The Institute's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Institute's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each individual, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The institute does not have any receivables although in a scenario of receivables arising the amounts presented in the statement of financial position will be net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**Notes to the Financial Statements (Continued)**

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who are in process of building an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**(iii) Market risk**

The Institute has constraints in terms of personnel hence does not have an internal audit function to assist it in assessing the risk faced by the Institute on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls and entirely relies of Ministry of health personnel..

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Corporate Services Department is responsible for the development of detailed risk management policies subject to review and approval by Audit and Risk Management Committee and for the day to day implementation of those policies.

There has been no change to the Institute's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The Institute has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The institute's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

**Notes to the Financial Statements (Continued)**

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

*Sensitivity analysis*

The Institute analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**Fair value of financial assets and liabilities**

*a) Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Institute's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The board considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year.

*b.) Financial instruments not measured at fair value (Continued)*

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values

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**Notes to the Financial Statements (Continued)**

**iv) Capital Risk Management**

The objective of the board's capital risk management is to safeguard the Board's ability to continue as a going concern.

**15. Related Party Balances**

Nature of related party relationships

- i) The National Government
- ii) The Health Ministry
- iii) Key management
- iv) Board of directors

**16. Segment Information**

The Institute operates in Nairobi only. It does not have branches.

**17. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**18. Ultimate and Holding Entity**

The Institute is Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

**19. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**19. Appendix**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved /Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Unsupported expenditure	The statement of financial performance reflects use of goods and services of Kshs.51,403,828.55 as disclosed in Notes 17 to the financial statements. The amount includes printing and stationery of Kshs.2,305,750 out of which Kshs.755,760 was not supported by quotations and evaluation reports. Also, use of goods and services includes travelling, accommodation, subsistence and other allowances of Kshs.13,055,560 out of which Kshs.3,081,290 lacked procurement support documents of quotations and evaluation reports.	The missing supporting documents for the expenditure items were traced and attached to the payment vouchers.	Resolved	
Budget control and performance	The statement of comparison of budget and actual amounts reflects expenditure budgets of Ksh 81,500,000 and actual on a comparable basis of Ksh 60,170,549 resulting to an under absorption of Ksh 21,329,541 (or 26%) of the budget The under absorption affected the planned activities and may have negatively impacted on service delivery to stakeholders	Under absorption was occasioned by human resource gaps and delays due to dependence on MOH systems. The Secretariat has put in place measures to ensure all requests for approval are submitted in good time to avoid unnecessary delays	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved /Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Late Submission of 2019/2020 financial statements	The financial statements for the year ended 30 June, 2021 were submitted to the Auditor General on 16 November, 2021, one and a half months after the statutory deadline to submit of 30 September, 2021. This is contrary to Section 47 (1) of the Public Audit Act, 2015	Delay in submission of statements occasioned by human resource capacity gaps. The Institute is currently developing its human resource instruments to enable recruitment of substantive staff	Resolved	
Non-submission of 2018-2019 financial statements	The Institute Management did not prepare and submit financial statements for the year ended 30 June, 2019. This is contrary to section 81 (1) of the Public Finance Management Act, 2012 which states that at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of the entity.	Delay in submission of statements occasioned by human resource capacity gaps. The Institute is currently developing its human resource instruments to enable recruitment of substantive staff	Resolved	
Lack of Internal Audit Function and Audit Committee of the Board	The Institute has not established an internal audit function and an Audit committee of the Board. This is contrary to Section 73 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and the Audit committee of the Board	The Ministry of Health has deployed an Internal Auditor to establish internal audit function and operationalize the Audit Committee.	Resolved	
Lack of risk management policy and strategy	The Institute had not put in place a risk management policy, strategies and risk register to mitigate against risk. It was therefore not clear how	The internal audit function has been operationalized and the Institute has	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the management manages risk exposures	embarked on the development of a risk management policy		
Deficiencies in the performance of functions under the Law	The National Cancer Institute of Kenya has fallen short of its functions from section 5 of the Cancer Prevention and Control Act, 2012. In the circumstances, the coordination of treatment of persons with cancer, production or distribution of specialized biological materials and securing the care of persons with cancer were lacking.	Deficiencies in the performance of functions of the Institute was occasioned by human resource capacity gaps. The Institute is currently developing its human resource instruments to enable recruitment of substantive staff	Resolved	